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# China Report

**ECONOMIC AFFAIRS** 

No. 21



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### NATIONAL ECONOMIC POLICY

### BEIJING LECTURE URGES ECONOMIC DEVELOPMENT IN MINORITY AREAS

Beijing Domestic Service in Mandarin 1015 CMT 17 Sep 79 OW

[Seventh in a series of lectures on nationality policy: "Speed Up Economic Construction in Areas Inhabited by Minority Nationalities"]

[Excerpts] To give sincere and active help to the minority nationalities to develop their economy and culture is our party's consistent policy.

Following nationwide liberation, the party and the government, with the close attention of comrades Mao Zedong and Zhou Enlai, led the people of all minority nationalities in smashing the reactionary, backward system of exploitation. Thus, the people of all minority nationalities, together with those of Han nationality, were able to start building socialism and liberate their social productive forces. Then the party and the government led the people of all minority nationalities in developing economic construction in their areas with state aid and through their efforts. By 1965 agricultural and animal husbandry production in many areas inhabited by minority nationalities had multiplied as compared with the period shortly after liberation. For instance, the number of livestock in Nei Monggol in 1965 was more than 41.7 million head, 5.56 times that in 1947, the year when the autonomous region was founded.

However, owing to serious sabotage by Lin Biao and the gang of four, our country met with grave setbacks in the development of the national economy, which was almost on the verge of collapse. The areas inhabited by minority nationalities suffered even more seriously in economic construction. The once narrowed economic gap that separated the minority areas from those inhabited by the people of Han nationality was again widened.

Since the downfall of the gang of four, the party Central Committee headed by Comrade Hua Guofeng has led the people of all nationalities throughout the country in undertaking the new long march toward socialist modernization. The party Central Committee's third plenary session decided to shift the emphasis of the work of the whole to the four modernization, beginning this year. At the same time, the party Central Committee has paid

close attention to the development of economic construction and cultural undertakings in the areas inhabited by minority nationalities.

In his report on the work of the government at the first session of the Fifth NPC, Comrade Hua Guofeng pointed out: "To give sincere and active help to the minority nationalities to develop their economy and culture is a major task in our nationality work, in building up our border regions and in consolidating our national defense." In his report on the work of the government at the second session of the Fifth NPC, he also said: "We must do all we can to bring about speedy recovery and growth in the economy and culture in the areas inhabited by minority nationalities." Under the correct leadership of the party Central Committeee and under the guidance of the party's correct policies, speedy recovery and growth have been brought about in the economy in the areas inhabited by the minority nationalities as in other parts of the country. For instance, the Xinjiang Uygur Autonomous Region's economy was fully recovered in 1978; its agricultural, animal husbandry and industrial production increased considerably and its grain production broke the past record.

It should be pointed out that the readjustment of the economy in the areas inhabited by minority nationalities also includes the readjustment of relations among various nationalities—the readjustment of both economic and political relations among various nationalities. Therefore, we should carry out economic readjustments and reeducation in the nationality policy at the same time. These are the two main links we must grasp in our nationality work during the 3 years of economic readjustment.

Our country has 4.3 billion mu of grassland, 3.3 billion mu of which can be put to use. Most of these grasslands are located in areas inhabited by minority nationalities. Our country's forest area accounts for 12 percent of its total area, most of which is also located in the areas inhabited by minority nationalities. Most of the mountainous areas where forestry can be developed are also located in the areas inhabited by minority nationalities. Therefore, there are many favorable conditions for developing animal husbandry and forestry in the areas inhabited by minority nationalities.

It is necessary to speed up the development of light industry, transportation, energy and building materials industries. Two points should be made clear here:

1. State aid and self-reliance should be combined, and attention should be paid to the economic laws. It is absolutely necessary for the state to help the minority areas with their economic construction. The subsidies allocated by the state for the minority areas must be properly used for specific purposes, not for other ones, so that the minority people can really be benefited.

2. The policy of readjustment, restructuring, consolidation and improvement is a positive policy. Owing to serious damage done by the gang of four to the minority areas, the economic foundation there is rather weak. Therefore, it is necessary for these areas to pay particular attention to their economic development. In this regard, attention must be paid to concentrating on major projects and to realizing returns on investment.

Economic construction in the minority areas has a great bearing on our country's four modernizations. Therefore, we must take effective measures to give vigorous help to the minority areas to develop their economic construction so that they can bring about ever bigger and faster growth in agriculture, animal husbandry, industry, forestry and other undertakings.

### NATIONAL ECONOMIC POLICY

'RENMIN RIBAO' EDITORIAL ON MODEL WORKERS, MODERNIZATION

Beijing XINHUA in English 0701 CMT 28 Sep 79 OW

[Text] Beijing, 28 Sep (XINHUA) -- Everyone should aim to become a model worker next year to speed up modernization of the country, says an editorial in the WORKER'S DAILY today.

The editorial written on the State Council's awards to 118 advanced enterprises and 222 model workers today, called on all workers to honour the national model workers' congress scheduled for around National Day next year.

It described advanced people as those who "take the lead in working selflessly, studiously and daringly to set higher production norms, create more advanced technique and produce more and better products at lower costs.

"Whether a persons or a collective is advanced or not depends on whether it helps develop the productive forces; model workers have nothing in common with the 'heroes' of Lin Biao and the gang of four who paid lip service to the revolution and sabotaged productive forces.

"Model workers are people recognized by the people who wanted to learn from them. Only by leading the masses forward can they be advanced workers," the editorial says.

### BRIEFS

ANHUI CHEMICAL INDUSTRY CONFERENCE—The Anhui Provincial CCP Committee recently held on-the-spot meeting to popularize the experience of the Hefei chemical system in rewarding those who overfulfilled production plans. The meeting held that the serious implementation of the party's economic policy in enterprises is an important measure for fulfilling this year's industrial production tasks. The meeting is to unify everyone's understanding, exchange experiences of the various areas, continuously perfect the method of rewards and rapidly promote Anhui's industry. Anhui Provincial CCP Committee Secretary Su Yu presided and gave a speech on how to implement the policy of to each according to his work. He demanded that the various circles grasp this economic policy as the current major task. The meeting held that it is necessary to integrate material rewards with the strengthening of enterprise management and with the launching of socialist labor emulation. [Hefei Anhui Provincial Service in Mandarin 1100 GMT 11 Sep 79 HK]

### ECONOMIC PLANNING

### ECONOMIC COORDINATION AMONG EAST CHINA PROVINCES

Rangoon THE WORKING PEOPLE'S DAILY in English 31 Aug 79 p 7

[Text] Hong Kong, 29 Aug--Six East China provinces and a municipality have resumed their economic coordination after a suspension of 10 years, the New China news agency (NCNA) reported today.

The six provinces are Jiangsu, Zhejiang, Pujian, Shandong, Anhui and Jiangxi. The municipality is Shanghai.

During a six-day conference held at Shanghai in mid-August, the six provinces and a city signed 117 contracts on economic coordination, NCNA said.

Representatives of the seven areas exchange information on the latest economic situation, resources and requirements of their respective areas to pave the way for economic coordination.

Zhejiang Province, for instance, has enjoyed a good harvest of fats and oils. It is in a position to produce more soap but lacks resin.

At the conference, Zhejiang reached an agreement with Fujian's Forestry Department on supply of resin, NCNA said.

Shanghai, in need of animal feeds, had last year secured some supply from Henan, a source over a 1,000 miles away from Shanghai. But at the conference in August, Shanghai this year secured supply from Huaiyin, a county in neighbouring Jiangsu Province.

Due to their geographical proximity to one another, the six provinces and Shanghai had close economic relation down the history, -- NAB/AFP

### ECONOMIC PLANNING

### BEIJING PLANT ESTABLISHES COUNCIL FOR ECONOMIC DISPUTES

Beijing XINHUA in English 1239 GMT 20 Sep 79 OW

[Text] Beijing, 20 Sep (XINHUA)--A council to settle economic disputes has been set up at the Beijing General Electric Motors plant to deal with production contracts in its sub-plants and departments.

With almost 3,500 workers, the general plant has nine sub-plants and a research centre manufacturing d.c. and a.c. motors ranging from 0.6 kw to 560 kw with over 600 types.

The general plant receives production assignments from the municipal industrial bureau and allocates them to its sub-plants. The sub-plants used to bear no responsibility for the economic results, good or bad.

The general plant adopted the contract system last June to improve its management. Each month some 600 contracts are signed on the basis of the overall production plan. The council supervises the contracts by regulations that determine the size of bonuses.

The punching and shearing sub-plant turned over two items five and ten days later than the contracted time last July. This affected production by two other sub-plants. The council set a 15 per cent bonus cut as a penalty, under the regulations.

The council awarded five per cent more in bonuses the same month to the research centre for fulfilling its contract ahead of schedule.

Su Sijing, deputy chief adjudicator of the council, said that the contract system "supports the system of responsibility and is strict and fair in meting out rewards and punishments."

"Of course," he said, "the fundamental thing is scientific planning or production and creative labour. Strengthening economic systems and encouraging the workers' consciousness should go hand in hand."

All the sub-plants completed their August production quotas according to contract specifications. At the same time, 65 workshops and work brigades and teams and over 800 workers and technicians won certificates of merit for good work and a cooperative spirit.

CSC: 4020

### ECONOMIC PLANNING

'BELJING RIBAO' VIEWS EMPLOYMENT IN CHINA

Beijing XINHUA in English 0732 GMT 18 Sep 79 OW

[Text] Beijing, September 18 (XINHUA)—As part of the ongoing discussion in China on employment, an article in today's BEIJING DAILY says the state should assign people work according to plan and people should not choose their own jobs.

Economist Xue Muqiao in the same paper on July 18 proposed that modernizing China required the setting up of many more productive undertakings, especially cooperative units.

This is not the answer to current unemployment, retorts Liu Zizhen today. He suggests cutting working hours. For instance, there could be four-hour work shifts with four hours of study and recreation. "Under the present conditions," he says, "I support the system of low pay and more employment and of five people doing three person' work."

Responding to Xue Muziao's point that because present labour productivity is low, management inefficient and services inadequate, some people should be declared redundant. Liu Zizhen says unfitness in work is caused by many factors, sometimes technical development is the underlying reason. Even if one is unfit, he can still be trained and should not be discharged to starve. "If a worker can be kicked out because he is unfit, what's the difference between this method and the capitalists," he asks.

He advocates continuation of the "iron rice bowl" that assures a government worker a life job. Liu Zizhen says that the socialist principle is more pay for more work and less pay for less work, meaning everyone gets paid, some more, some less. This is the "iron rice bowl", a superiority of the socialist system. "If a socialist society gives its people a 'mud rice bowl' instead of 'iron rice bowl', can it be called socialism?" he asks.

"I don't charge that he is advocating the capitalist road, but the question he touched on certainly involves socialism," he continues.

### GENERAL ECONOMIC INFORMATION

### XINJIANG REPORTS ON TRADE UNION PLENARY SESSION

Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 23 Sep 79 OW

[Text] According to a station report, the fourth Kinjiang regional congress of trade unions held a plenary session the morning of 23 September. Entrusted by the third regional council of trade unions, Comrade (Gao Shuqing) delivered a work report, entitled: "Bring Into Full Play the Role of the Working Class as the Main Force and Strive To Strengthen Socialist Modernization in Kinjiang."

The report by Comrade (Gao Shuqing) was divided into three parts:

The first part of Comrade (Gao Shuqing)'s report mainly reviewed the militant course taken by the trade unions in the autonomous region since the convocation of the third regional trade union council 6 years ago. The second part of his report summed up the main experiences and lessons of the autonomous region in trade union work. These experiences and lessons were as follows:

- a. It is necessary to firmly rely upon the party's leadership.
- b. It is essential to maintain close ties with the masses.
- c. It is imperative to adhere to the policy of taking production as the central task.
- d. It is necessary to persistently achieve unity with the working clas.

The last part of his report put forward the specific task of the trade unions in the autonomous region to win the first battle for the four modernizations. It called on trade union organizations at all levels to carry forward their achievements, overcome their shortcomings, keep pace with the party in shifting the focus of its work and make fresh contributions in the new long march.

### GENERAL ECONOMIC INFORMATION

TIANJIN HOLDS RALLY ON IMPROVING FOOD QUALITY, SERVICE

Tianjin City Service in Mandarin 1330 GMT 25 Sep 79 SK

[Excerpts] In order to do a good job in supplying commodities to the market and rendering good service during the festive day and to enable the people in Tianjin to celebrate the 30th anniversary of the National Day with jubilation, the Tianjin Municipal CCP and revolutionary committees held a mobilization rally on improving the quality of food products, stabilizing commodity prices and doing good supply and service work to greet National Day. The rally was held at the scientific hall on the morning of 25 September.

Du Xinbo, Standing Committee member of the Tianjin Municipal CCP Committee and vice chairman of the Tianjin Municipal Revolutionary Committee, presided over the rally. Yan Dakai, secretary of the Tianjin Municipal CCP Committee and vice chairman of the municipal revolutionary committee, gave an important speech at the rally. The rally called on the workers and staff members on the financial and trade front to go into action actively and to do a good job in supply and service work during the festive day.

At the converence, the (Yanguhui) non-staple food store, a special-grade model collective in Tianjin Municipality, gave its experience in promoting the fine tradition of the store, striving to improve service and insuring sufficient supplies of commodities by all means possible.

Also present at the rally were (Wu Zhen), deputy secretary of the Tianjin Municipal CCP Committee and vice chairman of the municipal revolutionary committee; Zhao Jun, vice chairman of the Tianjin Municipal Revolutionary Committee and responsible comrades of various departments and committees of the Tianjin municipal CCP and revolutionary committees. Responsible comrades of the Tianjin Municipal Women's Federation and the Tianjin Municipal Council of Trade Unions also attended the rally. Also present at the occasion were leading cadres of the financial and trade departments, food stores, dining halls, and confectioneries, leading cadres at or above grassroots store levels and responsible persons of the industrial departments, food trade and companies concerned of the Tianjin Municipality, totaling more than 1,000 people.

### GENERAL ECONOMIC INFORMATION

### BRIEFS

ANHUI TRADE UNION MEETING—The Anhui Federation of Trade Unions held the first enlarged meeting of its sixth standing committee from 25 to 30 August in Hefei. The meeting called on the staff and workers on the various fronts of industry and communications and capital construction to urgently get mobilized, further extensively and deeply launch the movement to increase production and practice economy, work hard for 4 months and strive to fulfill the whole year's industry production tasks throughout the province. The meeting participants also seriously studied Anhui Provincial CCP Committee First Secretary Wan Li's speech at the industry conference of the provincial CCP Committee. The meeting held that it is necessary to mobilize the staff and workers throughout the province to actively plunge into the movement to increase production and practice economy and launch labor emulation more steadily. In the emulation, it is also necessary to do a good job of production safety and make arrangement for the livelihood of the staff and workers. [Hefei Anhui Provincial Service in Mandarin 1100 CMT 11 Sep 79 HK]

JIANGKI PRODUCTION SAFETY CIRCULAR -- To further implement the principle of production safety, the Jiangxi Provincial Revolutionary Committee issued a circular on launching an inspection of production safety on all trades and professions throughout the province from 10 September to the end of the month. The inspection is to continuously improve labor conditions, achieve a clean environment in production and promote the movement to increase production and practice economy. The main content of the inspection is to determine whether or not the leadership at all levels is really paying serious attention to production safety and including it as an important daily agenda item and whether the labor protection organs have been established and put on a sound basis. The inspection will also discover the progress of investigating occupational diseases. This inspection has been planned to take place throughout the country. The province has established the leadership group for the general inspection team, with Wang Zhaorong, Standing Coumittee member of the Jiangxi Provincial CCP Committee and vice chairman of the provincial revolutionary committee, as the leader. [Manchang Jiangxi Provincial Service in Mandarin 1100 GMT 10 Sep 79 HK]

QINCHAI COMMERCIAL MEETING--The Qinghai provincial meeting of directors of commerce bureaus and sections, which is being held in Xining, calls on all commercial workers to clearly understand the situation and make contributions to the restructuring of the national economy. The meeting points out that, as a result of the sabotage by Lin Biao and the gang of four, many problems have emerged in commercial work, such as shortage of commodities, insufficient commercial knowledge and technique among commercial workers and poor facilities for commercial work. The meeting stresses that in doing commercial work, it is imperative to put agricultural production and animal husbandry first. It also calls on all commercial workers to raise their professional level and improve their services. [Xining Qinghai Provincial Service in Mandarin 1100 CMT 20 Sep 79 OW]

SHANDONG PRODUCTION ACTIVITY—Since 21 August, a total of 220 cadres in Shandong, led by provincial-level leaders, have gone to various prefectures and municipalities to visit industrial and mining enterprises for the purpose of helping them solve problems encountered in production and promoting the movement to increase production and practice economy. Among the leaders making the tours were Gao Qiyun, secretary of the provincial CCP committee, as well as responsible persons of the provincial economic commission and provincial bureaus concerned with industrial and communications work. [Jinan Shandong Provincial Service in Mandarin 2300 CMT 27 Aug 79 SK]

POLITICAL ECONOMY DICTIONARY—Beijing, 4 Sep-Work on China's first "Dictionary of Political Economy" has been completed and the first volume of the dictionary will be published in October. The dictionary is edited by the Institute of Economics under the Chinese Academy of Social Sciences with noted economist Xu Dixin as chief editor. Xu is vice-president of the Academy of Social Sciences and director of the Institute of Economics. The dictionary will be in three volumes with over 2,000 entries and follows 2 years of preparation involving 500 people. A large number of economic concepts and categories applicable to Chinese society are included, emphasis is placed on the integration of the universal truth of Marxism-Leninism with China's practice, and on the application of Mao Zedong thought to explain accurately categories of political economy. Current economic practices both in China and abroad are reflected in the dictionary. The editorial department plans to edit a 500,000-word "Concise Dictionary of Political Economy" to meet public demand. [Text] [Beijing XINHUA in English 0749 GMT 4 Sep 790W]

### FINANCE AND BANKING

'AFP' REPORTS INFLATION AFFECTING PRICES IN PRC

Hong Kong AFP in English 0457 CMT 13 Sep 79 OW

[Article by David Lan]

[Text] Hong Kong, Sep 13 (AFP)—Inflation, the inherent ailment of capitalism, seems to have caught up in China where economic measures have become more liberalized in recent years, according to reports and travelers from Beijing, Shanghai and Guangzhou.

Prices have been creeping up in big cities with the result that not only foreign visitors but also the Chinese themselves are feeling the pinch of higher costs today.

In South China's Guangdong Province close to capitalist Hong Kong the provincial government is now clamping down on "wanton price rises" by initiating a provincewide investigation into market prices.

It is now public knowledge that costs for air tickets, hotel rooms and meals at restaurants inside China have been fast catching up with those outside China in a bid to earn more foreign exchange.

Greater activities on free markets where prices fluctuate according to supply and demand and a higher state purchase prices for peasants crops in an effort to encourage agricultural production have all helped nudge prices upwards, travelers said.

A roundtrip air ticket from Hong Kong to Beijing via Guangzhou is now \$418 U.S. while a room in the new east wing of the Beijing Hotel costs 50 yuan (about \$30 U.S.) a day, they said. Banquets are charged anywhere between 30 yuan (\$18 U.S.) and 100 yuan (\$60 U.S.) per person while a la carte dishes in restaurants go up to 5 yuan (\$3 U.S.) per item, travelers said.

A packet of high-class Chung Hwa brand of cigarettes (20 pieces to a packet) is selling at 1.2 yuan (72¢ U.S.) while taxis are available at about 3,000 yuan (about \$1.80 U.S.)per 10-minute rice, they said. Pork, a common staple for the Chinese people, is obtainable on free markets at 1.50 yuan (about 90¢ U.S.) per catty (1.1 lbs) or 50 percent higher than the fixed price.

In Shanghai, canned fruits have gone up. Shiangshan brand canned laichi, for instance, is priced at 2.80 yuan (about \$1.68 U.S.) whereas a roll of good quality toilet paper is pegged at 1.55 yuan (about 33¢ U.S.).

In South China's Guangdong (Kwangtung) Province where "flexible economic measures" have been adopted to expedite modernization, prices have gone haywire, arousing much public opinion, the leftwing Ta Kung Pao reported today from the provincial capital of Guangzhou. So much so that the provincial revolutionary committee (provincial government) recently issued a circular demanding a provincewide investigation into the market prices, the report said.

Some units (enterprises), in pursuit of profit, have wantonly raised prices of goods in short supply or charged fees for services until they are higher than the fixed prices under the central and provincial government control, it said.

The circular stressed that market prices concern tens of thousands of households, all departments of the national economy, industrial and agricultural production, people's livelihood and the nation's stability and unity. It urged revolutionary committees at all levels to investigate commodity prices and service charges and seriously deal with those who raise prices against the control policy and refuse to correct their mistakes.

### FINANCE AND BANKING

### BRIEFS

HEBEI FINANCIAL MEETING—Recently the Hebei Provincial Revolutionary Committee held a financial and trade work meeing. (Hu Yuhui), Standing Committee member of the provincial CCP committee and vice chairman of the provincial revolutionary committee, spoke at the meeting, calling for efforts to gear financial and trade work to the needs of the four modernizations, insure an amply supply of commodities on the market and fulfill this year's revenue plan. [Shijiazhuang Hebei Provincial Service in Mandarin 1100 GMT 25 Aug 79 SK]

TIANJIN INVESTIGATES PRICE INCREASES—Tianjin, 28 Sep (XINHUA)—The people's government of Tianjin, an important industrial and commercial city in northern China, has decided in response to popular demand to initiate a city—wide investigation of prices between September 25 and mid—October. Since January 1 of this year, some industrial and commercial departments have raised their prices without authority. The Tianjin Government has asked them to restore prices raised without authority to previous levels, to improve the quality of products within a given period, and to punish those who have seriously contravened policy and discipline. [Text] [Beijing XINHUA in English 0740 CMT 28 Sep 79 OW]

GOLD COINS ISSUED--Tokyo Aug 10 Kyodo--The People's Bank of China will issue 70,000 sets of gold coins in advance of October 1, China's National Day, commemorating the 30th anniversary of the founding of the nation, a Kinhua News Agency report monitored here said Friday. According to the report, each set contains four kinds of gold coins bearing China's national emblem on the obverse side. There are different designs for the reverse side--the Tianarmen (the Gate of Heavenly Peace), the monument to the People's Heroes, the Great Hall of the People and the Memorial Hall of Chairman Mao Zedong. Each coin, 27 millimeters in diameter, contains half an ounce of gold and has a face value of 400 yuan (about \$267), Xinhua said. The coins will be sold at home and abroad, including London, it said. [Tokyo KYODO in English no time given 10 Aug 79 BK]

FINANCE TRAINING COURSES—Nanchang, 13 Sep—Under the auspices of the Chinese Ministry of Finance, the college of finance and economics in Jiangxi Province recently began to offer courses for more than 100 county financial bureau chiefs from various parts of China. Among the offerings are courses on the principles of socialist economics, methods of finance and accounting as well as party policy on economic matters. Participants will be encouraged to integrate the theory they study with their own practical experience, both positive and negative. The courses will last for 5 months. [Text] [Beijing XINHUA in English 0103 GMT 13 Sep 79 OW]

CHINA'S OIL LINES TO JAPAN

Madras THE HINDU in English 15 Jul 79 p 5

[Article by N. Ram]

[Text]

MARIFU MARU, the 100.000M tonne Japanese oil tanker,
was searing the end of its 36hour call at Dalian (knews in
colonial times as Daries) New
Harbour — hungrily drinking
Doqing crods — as we were
allowed to walk up the 1,000
metro-long pier between twe
hig pipelines of steel on each
side and a fifth line for receiving polluled water from the
ships.

'A link of peoples all over the world', is how the bend of administrative effice described this new facility completed in 1976 at Nienyu flay in the Chin Haien county neighbouring Dellan city. And, sure enough, there can be no more powerful link with the industrialised countries in the west and, above all, Japan than the pipeline which originates over 1,000 km. away, from China's premier olifield near Harbin city.

Located on the southern tip of the Linotunig peninsula, enclosed by the sea on the east, south and west, Dalian guards the entrance to the Bohai Sea. It is China's widest and despect icofree port and provides superb navigational advantages.

Proceeding the visit to the ell harbour. I was allowed a glimpse of the activity in the new and eld districts of the massive ship-yard here — where nearly 1,200 ships of all sizes have been constructed since 1988, including 64 sill tankers with a total tonnage of 600,000 and on view was the mostly mechanised la-

hour of building medium-sized freighters, 25,000 towns tankers and naval ships — with a polito request that photography of the military compensat, alone he avoided. Construction was also going on, in the new district, of rigs and jack-ups with enhanced expublishing that have benefited from selective importation of foreign tachnology.

The latest addition to the forces port happens also to be the most modern oil-leading facility in China — handling tankers registered in 14 countries and going up to 100,000 tennes, like the 'Marifu Maru'. Two other terminals can reportedly cope with 70,000 tennes—even as an ambitious effort is on to unpend and take speedy steps to moderniae over a deem harbours, including Quhuungden on the north-western edge of Bohai Gulf, the beneficiary of a 1,182 km pipeline from Basing.

And the new harbour, is emphatically a grabal of solid-reliance in constructing transportation and loading facilities to match the programme of oil export development. The project was designed and constructed indigenously through and through, ir a fathing village of about a 100 bounthilds.

Work on construction began is 1974 — after the corose technological facilities had been conceptualized and designed by Prof. Chien Lin-hai, apparently a well-known academic in these parts, and his association — absorbed the labour of

12,000 people at its height and was commissioned eight months shead of schedule. It was as though Chine's oil exporting drive in a repidly changing world situation could not wait for constructional plans and their fulfilment.

The oil harbour boasts — spart from the steel pipelines, the 'arms' out to see (as our bests vividity describe the mostly mechanised lending facilities), the living and infrastructural facilities, including dormitories and family quarters for over 1,000 workers and a customs office, a lighthouse with a 19 km range erected 34 metres high on a tiny island requisitioned for the purpose, and the turboats — three big and less smaller storage tanks with a total cupacity of 250,000 cubic metres, a radar to guide tankers, and two pools (for environmental control) to hold up to 20,000 cubic metres of pelluted water between them and infeguard fishing rights and opportunities.

Last year's expert of crude from Dalian New Harbour was around 12 million tonnes—shared among Japan, the United States, Hong Kong and Remania—out of a total probably in the region of 20 milli-za tonnes for all China,

The export of growing quantities of Daging oil is perhaps the key to the burgooning two-way trade between China and Japan. In the initial period between 1972 and 1975, a persistent complaint emerged from dapanese refineries — accusto-



med to handling the lighter West Asian oil- that Daging crude Asian oil— that Daging crude was too waxy, thereby complicating storage and transportation and yielding less gasolene, kerosene and naphtha than Arshian crude. And in that adjustment period, over 50 per cent of Daging crude imported seems to have been burnt directly by January alocation. panese electric power plants, instead of going through the refineries

The war content issue was an important bargaining point bet-ween the Japanese and Chinese sides, with the former demanding that the latter bear its share of the wax-reducing cost (either by installing special refining facilities geared to the Japanese market and supported

trade relationship.

The turning point came in 1975 — a particularly difficult period for Japan in the energy field — when its Ministry of International Trade and Industry appealed to the industry to instal catalytic "cracking" facilities, even effering Government credits for quick conversion. Since then the Japanese refa-

ing industry has been through a process of large-scale conversion — which th). Chinese have been quick to learn from, to the extent of installing 'cracking' processes in select places mainly for domestic uses.

The up-to-date evidence cer-tainly is that it is the Japanese who have come round to accepting the terms offered, or as an American researcher puts ft. 'sliding into a progressively more adaptive stance.' Two or three basic factors account for

The first is that Japanese busi-ness and Government circles have come to perceive the in-contestable advantages that a trade-off with China, between crude oil and sephisticated techhy Japanese bank credits or by offering price concessions). But the Chinese demonstrated what has been reported in the Japanese press as a mixture of firmness and flexibility — insisting for the most part, on commitments in advance from the Japanese and on a more balanced trade relationship.

crude oil and sephisticated technology and equipment gives them. The situation was summed up capably in a recent major study as follows: 'At one stroke, the China option offers a way of offsetting the strategic vulnerability inherest in a geographically one-sided dependence on the Middle East, while gaining increased leverage in

handling exports. Moreover, it is not a member of OPEC and enjoys a measure of flexibility in the world oil economy. Its oil potential was indicated three years ago by Mr. Yoshihito Shimada. Head of the Japanese Oil Development Foundation thus: 'When Chins does become an oil country, it will change the appearance of Asia. It has certainly transformed bilateral relations already.

Furthermore, China's all out-put is spread over extensive areas in the north-east, north, west and elsewhere. It has risen dramatically from a level of less than seven million ton-nes in 1963 to 1978's officially released figure of 104.05 million tennes. Crude produced at De-qing (discovered in 1956), Shen-gli (in 1962), Takang (in 1964) and, possibly the fourth largest field. Panshan in Linening province, have been vigorously de-veloped — with Daqing matur-ing quickly. And Premier Hus Guo-feng's reference, on May 4, 1977, to plans to build some ten more oil fields as big as Daqing by the end of the cuntury has not lessened the excitement in Tokyo and elsewhere.

In fact, the country's crude output has been growing since 1963 at a rate above 20 per cent annually. Apart from tap-ping its large oil-rich basins, concentrated twicelly in the concentrated typically in the industrialised regions, China has gone in, on a significant scale, for eff-shore exploration and drilling — combining a convincingly self-propelling endeavour which has mobilised enormous manpower and resources with selective imports and window-shopping in many parts of the advanced world.

The domestic rigammufacturing programme — beginning with the construction of a redimentary barge-style drilling rig in 1974 and moving gradually up the scale of off-shore technology to drilliships. Jack-ups. relatively simple catamaran drilliships and even work on the advanced semi-submersi-bles — had won serious attention from planners even during the troubled years of the Cultu-ral Revolution.

Estimates of China's oil reserves vary widely, but the consensus of foreign specialist opinion is on the figure of 20 bilflee tonnes. For 1979, the policy of readjustment means holding cutput around 106 million tonnes and shifting the stress on to geological survey and prospecting work so as speedily to discover more deposits and, in the words of Premier Hus Gurfeng, maintain a rational balance between extraction and reserves.

The country's unpublicised eulput target for 1985 is 400 million tonnes. Few foreign observers entertain doubts that this is a conservative figure and projections for probable performance go up to 327 million tonnes for 1990. Japan hopes to absorb a not-insignificant share of this boom, although there is a sobering recognition that China with its own requirements in industry, transportation, agriculture, the bousehold sphere and defence cannot, by any stretch of the imagination, be converted into a 'Saudi Arabia of the East' in terms of oil expert. Some Japanese oil executives expect their country ultimately to reach a dependence on China of up to 50 per cent of crude oil and refined product needs: those who consider this exaggerated suggest anything between 20 and 35 per cent.

And among Japanese businessmen in general and also officials, there appears to be little doubt that a fairly wide range of their industries — excluding, of course, the light industries — can benefit in an unprecedented way from an improved oil production and export performance by the most populous country on earth.

It is instructive to note that one of the best known champions of a firm long-term oil deal with China has been Mr. Yoshihiro Inayama, President of Nippon Steel, who has gone so far as to advocate a direct relation between Chinese steel purchases from Japan and Japan's oil imports from China.

Nor can the machinery, steel and construction giants (not to mention oil-related industries) fail to benefit through an activity that will allow China to import advanced Japanese technology and equipment on a scale big enough—for modernisation through the flow of petroyusn?

A second factor behind the Japanese adaptiveness is, of course, the fact that the Chinese planners and oil specialists have shown that they can't be pushed around. They have proved self-reliance-minded, tough and skillful in negotiation, and reasonably fiexible in their methods. And they have gathered enough experience in the field to appreciate the power of oil in the world economy and all that this can do to speed up socialist modernisation.

They have shown that they do not want to put all their export pipelines into Japanese tankers. This explains the small quantities of crude that Chins has sold to some of the Western oil multinationals, to Hong Kong and to the United States. And the Japanese have been prompt to take the hint, naturally.

Thirdly, there is the emerging political relationship — consolidated through the Friendship Treaty — which is too complex to be dealt with here. The picture could undergo sharp changes in a rapidly changing international petroleum market. But in so far as current and embryonic trends can help map the foreseeable future. China's oil-lines to Japan will get thicker, more capacious and more numerous. This is why there are already droves of Japanese businessmen and tourists — with their cameras, rolling suitcases and gifts of glassencased Japanese dolls — crowding Dalian's main hotel. This is also why plans are being laid to expand the new oil harbour — the pride of all China.

The fact being realised to-day is that the oil trade levels projected in the 1976 Sino-Japanese negotiations — 10 million tonnes annually in the initial phase and rising to 18 million to-anes by 1985 — are excessively timid.

One researcher recalls that Hobart, in his 1933 best-selling fantasy, 'Oil for the lamps of China', dealt with the unappreciated efforts of Standard Oil salesmen in popularising kerosene lamps in China and thereby called attention to China's outstanding promise as a market for oil handled by the western majors.

As two big tankers hovered about impatiently even as the 'Marifu Maru' circled away from the 'arms' of Dalian Harbour waving it ben voyage, it was clear that the situacion had come full circle. Should not the changed caption — it is no fantasy now — read, 'Chinese oil for Japanese and Western energy needs'?

### FUELS AND POWER

### **BRIEFS**

EXHAUST HEAT UTILIZED--Hong Kong, 31 Jul--China's industrial province of Liaoning is currently using around 32 per cent of its exhaust heat to generate electric power and provide steam and heat for industrial and domestic use. To date, this northeast China province has nine power-generating units with a combined capacity of 57,000 kilowatts making use of exhaust heat, the New China news agency (NCNA) reported today. Fourteen generating units with an additional combined capacity of some 30,000 kilowatts are currently being installed. Recoverable waste heat is estimated as equivalent to some three million tons of coal. It may be recovered from the production of chemicals, and from furnace slag, waste gas, liquid and smoke. Waste heat from furnaces in metallurgical, chemical and machinery plants, ranging from 500 to 1,000 degrees Centigrade, can be directly utilized for industrial purposes.--NAB/AFP [Text] [Rangoon THE WORKING PEOPLE'S DAILY in English 4 Aug 79 p 6]

SAVING OF ENERGY IN CHINA--Some 100 factories in Peking have made use of the energy from their own exhaust heat, annually recovering heat energy equivalent to 283,000 tons of coal, the Xinhua News Agency said Thursday. The use of exhaust heat has not only helped to save energy but reduced environmental pollution, the agency said. Since 1974, Xinhua said, the Peking Thermal Power Plant has piped its surplus steam energy to a printing and dyeing plants at three cotton textile mills and a textile machinery spare parts factory, which can now operate on steam energy eight months every year. As a result, more than 12,000 tons of heavy oil, 28,000 tons of coal and 300,000 kilowatt-hours of electricity have been saved each year, it said. [Tokyo KYODO in English no time given 9 Aug 79 BK]

HEILONGJIANG COAL CONSERVATION—Heilongjiang has made great achievements in coal conservation. In the first half of this year, the various localities of the province saved a total of 440,000 dun of coal and, at the same time, used the tailings to make mixed fuels totaling one million dun. A meeting was recently held in Wuchang County to exchange experience in coal conservation and sum up and popularize such experiences gained by Harbin and Qiqihar municipalities and Wuchang, Zhaodong and Tailai counties, calling on all localities of the province to strive to reduce coal consumption 5 percent, that is, 1 million dun annually. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 25 Aug 79 CW]

### CAPITAL CONSTRUCTION

### CHINA SPEEDING UP HOUSING CONSTRUCTION

Beijing XINHUA in English 0712 GMT 17 Sep 79 OW

[Text] Beijing, September 17 (XINHUA)—China is presently engaged in its most significant effort in the 30 years since the country was liberated to quicken the pace of construction of housing in the urban areas in order to improve people's living conditions.

A new housing estate with more than 40 blocks of from five to twelve storeys-the biggest in Beijing--is going up in the southeastern section of the capital. This follows completion of more than 30 multi-storey buildings along Qiansanmen Street, one of Beijing's main thoroughfares. There are currently a dozen areas where new residential quarters are under construction with some 30,000 building workers working on them night and day.

It is estimated that the total floor space to be finished in Beijing this year will exceed 1.9 million square meters, the extent of housing completed in 1978. Looked at in another way, Beijing has increased the floor space of its residential accommodation 2.7 times since liberation.

Shanghai and Tianjin both added a total floor space of 1 million square meters of residential accommodation last year. Housing scheduled for completion this year will surpass that of last year.

In Liaoning Province, a heavy industrial base in Northeast China, new housing with a total floor space of over 1 million square meters has been erected for urban workers this year. New homes with a floor space of another 4 million square meters are under construction.

In industrial and mining areas in China as a whole, housing was built last year with a total floor space of more than 37 million square meters. This was 33 percent more than in 1977 and more than in any year since liberation. The floor space added over the last three decades is more than the total existing in China in 1949.

It is estimated that more than 6,000 million yuan have been allocated by the state or raised by local governments this year for the building of living quarters for office and factory workers throughout China, and over 40 million square meters of floor space are expected to be finished by the end of the year.

Urban housing in China is still quite inadequate to the needs of the people, however, in spite of the efforts made. According to statistics available at the end of 1978, average living space perperson in 192 cities was only 3.6 square meters. This is partly because the population in these cities has grown rapidly from 30 million in early post-liberation days to over 110 million at present, and partly because not enough attention has been paid to housing over the years.

New measures have been adopted by the state to speed up construction of residential accommodation, Chinese people are permitted to build private houses for their own use. Formerly, urban residential housing was generally built with state investment. Now industrial enterprises and city inhabitants are encouraged to build houses themselves with the help of government subsidies. This is apart from government-built houses.

The government allotted special funds earlier this year to build new houses in the cities of Xian, Nanning and Liuzhou, and these will be sold to individuals at a price which will reflect building costs.

In order to accelerate the pace of construction, many cities are producing new types of building materials which are easier or cheaper to produce, along with factory-built prefabricated housing parts. More than half of China's cities have set up specialized building companies for large-scale construction, management and repair of residential housing.

The government is proposing to import certain items of construction equipment in order to transform China's manual building methods.

### CAPITAL CONSTRUCTION

### BRIEFS

XIAN BUILDING MATERIAL CONFERENCE—A Standing Committee meeting of the Xian Municipal CCP Committee recently met to listen to the work report of the municipal construction committee, and discussed and studied the important issues that required urgent solution on the capital construction front. During the meeting, Chen Yuanfang, first secretary of the municipal CCP committee, the other secretaries and the Standing Committee members of the municipal CCP committee went to the construction sites and factories to conduct investigations. In 1979, the municipal CCP committee has relentlessly grasped the construction of cement works. Progress in the construction of housing and other municipal projects has been comparatively fast. The Standing Committee of the municipal CCP committee is more satisfied with the work of the capital construction front. The meeting pointed out that weakness in the construction material industry is the obstacle in the construction of housing and other municipal projects. [Xian Shaanxi Provincial Service in Mandarin 1330 GMT 27 Aug 79 HK]

### DOMESTIC TRADE

HONG KONG PAPER REPORTS ON QUANGZHOU TRADE FAIR

Hong Kong WEN WEI PO in Chinese 27 Sep 79 p 1 HK

[Special report from WEN WEI PO contributing reporter Lan Ching-chung in Guangzhou]

[Text] The China Export Commodities Trade Fair is busy changing into "foreign trade center." The autumn trade fair will first set up a spot foreign exchange market. After the trade fair closes it will hold exhibitions of foreign commodities. The trade fair office has been reorganized. This is a prelude to the trade fair officially changing to a "foreign trade center."

The Guangzhou "foreign trade center" will be a comprehensive place for promoting China's import and export trade and has six major tasks: 1) It does everything to promote successful spring and autumn trade fairs; 2) After the close of the trade fairs, it will run small-scale specialized trade fairs in the foreign trade center for all foreign trade companies; 3) It runs a permanent export spot foreign exchange (foreign currency) market; 4) It accepts exhibitions held by foreign manufacturers held in Guangzhou; 5) It sets up markets for the sale of export commodities of all foreign trade companies; and 6) It performs various types of services. To effectively carry out its work, all trade fair departments have been reorganized into four departments and one office, namely: foreign liaison department, administrative department, business department, service department and general office. This new change will undoubtedly help China's great market take a new stride.

### DOMESTIC TRADE

### PRC COMMERCE MINISTRY TO INCREASE NUMBER OF RESTAURANTS

Beijing XINHUA in English 0722 GMT 16 Sep 79 OW

[Text] Beijing, 16 Sep (XINHUA) -- China's 110 million people living in nearly 130 big and medium-sized cities will be able to eat out more conveniently in coming years, according to a plan adopted at a recent national meeting called by the Ministry of Commerce to discuss improving such service. There is to be an eighty percent increase in restaurants and snack bars in the 3 years of readjustment of the national economy that started this year.

While the early post-liberation urban population of 30 million in the big and medium-sized cities has almost quadrupled, the number of hotels, restaurants, food stalls and other service shops sharply decreased. The meeting said that this happened because many private or joint state-private ships had been merged into state-owned shops and small shops combined into bigger ones.

The meeting decided to take the following steps:

-the number of restaurants, food stalls and snack bars will rise by 80 percent to 116,000, so that there will be one food selling agency for every 1,000 city inhabitants. Host of the new restaurants and food stalls will be small, collectively-owned enterprises with independent accounting and responsibility for their own profits or losses.

--state-owned food services will set up factories processing staple food and other daily foodstuffs, and the products will be sold at widely dispersed shops; and

--restaurants and food stalls will be encouraged to sell a greater variety of food in different styles. Courses will be run to train chefs specialized in the styles of Shandong, Sichuan, Jiangsu, Guangdong and other provinces.

### BRIEFS

TOURIST SOUVENIR SHOPS—Beijing, 13 Sep—There are now 1,000 outlets selling handicrafts, art products and souvenirs to tourists in China. This includes stalls at airports, hotels and beauty spots, department stores, art and antique shops, and manufacturers' retail outlets. Among the most popular treasures from China are drawnwork, embroidery, sculpture, pottery and porcelain, calligraphy and painting, reproduction of antique works of art and those arts and crafts that recall beautiful scenery or places of historic interests. Some stores now also have facilities for satisfying customers' requirements by post. [Text] [Beijing XINHUA in English 0152 GMT 13 Sep 79 OW]

WINES, SPIRITS CONTEST-Beijing, 6 Sep-China's best known alcoholic drink, maotai, has won first place in a national wine and spirit competition held for the first time in 16 years. The crystal-clear spirit is made from sorghum with a wheat yeast and comes from Guizhou Province. Runnerup on the list of the eight grain spirits is fenjiu spirit from Shanxi, which has a mellow and delicate flavour. Next comes wuliangye or five-grain spirit from Yibin County, southern Sichuan. This strong drink is known for its lingering aroma and crisp and sweetish flavour. High on the list are also seven grape and fruit wines including a new burgundy from Shacheng, Hebei Province. Among the two rice wines winning high praise is the famous Shaoxing rice wine which has a mellow, nutty taste. It is made in Zhejiang Province. World famous Qingdao beer produced from spring water and hops from the hills of coastal Shandong retains the honors in the best section. [Beijing XINHUA in English 1218 GMT 6 Sep 79 OW]

COMMERCIAL WORKERS TRAINED—Beijing, August 30—Efforts must be made to train more managerial and marketing personnel to serve in the countryside in step with the development of agriculture. This was the conclusion of a recent meeting convened here by the All-China Federation of Supply and Marketing Cooperatives. The meeting called for the training of a large number of managers who are well-versed in scientific management of commercial enterprises, technicians with both proficiency and socialist consciousness, and rural commercial workers dedicated to the service of the people. At present, China has two commercial colleges teaching skills required for work in supply and marketing cooperatives, and more than 70 such secondary commercial and technical schools. In addition, commercial cadres schools have been set up in eight provinces. In the first half of this year, a total of more than 140,000 workers in commerce were trained in Sichuan, Guangdon, Fujian, Hunan, Hebei and Shanghai alone. [Text] [Beijing XINHUA in English 0710 GMT 30 Aug 79 OW]

COMMODITY CIRCULATION SYSTEM IMPROVED--Tokyo Aug 4 Kyodo--China will make efforts to improve its commodity circulation system by setting up wholesale centers in traditional economic zones [regions] throughout the country, the official Xinhua News Agency said Saturday. In a broadcast monitored here, the news agency said that the decision to establish wholesale centers came at the National Conference of Provincial Commerce Bureau Directors now being held in Peking. The directors "agreed that the present system for the supply of manufactured goods, which is organized in line with administrative divisions, is too rigid," it said. Xinhua said that each of the new wholesale centers will be responsible for supplying the needs of a number of countries and cities which may not necessarily be in the same province or prefecture. "The ultimate purpose is to enable the goods to reach the consumers through the most convenient and least expensive route," it said. [Tokyo KYODO in English no time given 4 Aug 79 BK]

WHOLESALE CENTERS PLANNED -- Hong Kong, 4 Aug -- Wholesale centres will be set set up in traditional economic zones throughout China as part of an effort to improve the circulation of commodities, New China news agency reported today. Each centre will be responsible for supplying the needs of a number of counties and cities which may not necessarily be in the same province or prefecture. The ultimate purpose is to enable the goods to reach the consumers through the most convenient and least expensive route, the agency said. It reported that the decision to establish the centres came at a national conference of provincial commerce bureau directors now in progress in Beijing. Conference participants agreed that the present system for the supply of manufactured goods, organised in line with administrative divisions, is too rigid, the agency said. It added: "The existing network has caused a host of problems as each province or prefecture tends to mind its own business without paying heed to its neighbours. There were many stories about how certain goods took circuitous journeys before finally reaching their destinations .-- NAB/AFP [Text] [Rangoon THE WORKING PEOPLE'S DAILY in English 6 Aug 79 p 3]

NEW MONGGOL TRADE PAIR-Of late, a commodity trade fair was held in Baotou Municipality, Nei Monggol Autonomous Region. Joining the trade fair were representatives from various provinces, municipalities and autonomous regions and from various parts of Nei Monggol Autonomous Region. On display were more than 10,000 varieties of commodities. Business transactions concluded during the 70day fair totaled 30 million yuan, more than doubling the expected figure. Yuan Baohua, vice minister in charge of the state economic commission, who was in Baotou for the national rare-earth resources meeting, visited the fair. [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 1 Sep 79 SK]

### TRANSPORTATION

### BEIJING AIRPORT TO OPEN NEW TERMINAL BUILDING

Beijing XINHUA in English 0200 GMT 15 Sep 79 OW

[Text] Beijing, 15 Sep (XINHUA) -- After nearly 5 years' construction, a new modern terminal building with two satellite wings was completed here in mid-September at the international airport. It will be open to passengers on October 1 when the installation of all interior equipment is completed.

The new terminal which is China's biggest, is intended to cope with China's expanding international air services and ever growing tourist demands stated Qian Shenkun, an official in charge of the project.

It is one of the few satellite-shaped airport terminals in the world. Designs were drawn up only after comparative studies had been completed on the de Gaulle Airport in France, the Yokoda airfield in Japan and the New York airport in the United States.

The terminal is located in the eastern suburbs some 20 kilometers from Beijing city centre. It has a total floor space of 60,000 square meters—some six times the space available in the current building. The main building has been constructed to reflect traditional Chinese architectural style.

Completed at the same time are a ramp, a hotel, a parking area, a highway, an overpass and a general fuelling station.

A new 50 meter wide and 3,200 meter long runway which is suitable for Boeing 747 airliners has been in use for 14 months.

A new control tower is still under construction. Its automatic dispatching system and tele-communications and navigation facilities have been imported.

The three-storey rectangular main building can handle 1,500 passengers per hour during peak traffic period. Around each satellite wing eight planes can be parked. These link up to the satellite via passenger bridges.

The airport now in use was built in 1957. At that time China had only one international air route from Kunming to Rangoon. Now, China has 12 international air routes, three of which opened this year.

As from May Day next year, the general civil aviation administration of China will put new Boeing 747 airliners into use flying non-stop to San Francisco.

### TRANSPORTATION

### BRIEFS

BEIJING AIRPORT CONSTRUCTION MOBILIZATION-To insure the completion of the departure lounge building and its ancillary projects before National Day, the Beijing International Airport Construction Command held a mass oathtaking rally on 6 September in the carpark in front of the building. Zhao Pengfei, secretary of the municipal CCP committee and vice chairman of the municipal revolutionary committee; Shen Tu, director of the Civil Aviation General Bureau; Lu Zhengde, deputy director of the bureau and director of the construction command; and responsible persons of departments concerned including the State Building and Engineering General Bureau and Beijing Municipal Construction Committee; attended the rally. The rally commended 99 progressive units and 337 progressive individuals in the airport construction work. Zhao Pengfei, Shen Tu and Lu Zhengde made speeches. Representatives of the Shaanxi and Sichuan companies, a certain unit of the PLO capital construction corps, the municipal administration No 1 company, and equipment installation units and artistic workers also spoke. They expressed their resolve to complete the project by National Day as an offering to the 30th anniversary of the PRC. [Text] [Beijing City Service in Mandarin 2300 GMT 6 Sep 79 HK]

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